EXECUTIVE SUMMARY: The 2011 January agriculture baseline from FAPRI along with the updated representative farm data were utilized in running a new baseline for the representative farms. The 2011 projected economic viability has improved significantly when compared to a year ago. The primary reason is due to the significant increase in crop prices especially cotton, wheat, soybeans and corn. Out of 22 representative farms, 13 farms were in the good overall economic viability category and 9 farms were in the poor overall economic viability category. No farms were in the moderate economic viability category.

FAPRI did provide a midyear (August 2011) update to their baseline. The FAPRI baseline for peanut prices did not change much from the prior year with prices being in the $470-$490 range. These updated peanut prices and other commodity prices were inputted into NCPC representative farm model. The overall economic viability of the representative farms did not change. The Southwest peanut region representative farms’ are still in the worse economic conditions when compared to the other peanut regions. Informal presentations were made in regards to the economic viability of the NCPC peanut representative farms to various peanut organizations. Presentations were made on the 2011 Georgia Peanut Tour and the 2011 Sunbelt Ag Expo on the economic viability of the peanut industry.

The January 2012 agriculture baseline from Texas A&M based on FAPRI 2012 baseline was received. The 2012 FAPRI baseline for peanut prices did increase some. These updated peanut prices and other commodity prices were inputted into NCPC 22 U.S. representative farm model as well as the updated input prices. The overall economic viability of the representative farms declined some relative to the forecasted economic viability done the first part of 2011. The projected input prices seemed to offset the increased in commodity prices. The Southwest peanut region representative farms’ are still in the worse economic conditions when compared to the other peanut regions.

Since 2002 for the Southeast peanut producers, the percentage increase in total variable input cost has been approximately 90-96%. In the spring of 2012 if a farmer was able to
contract his cotton at $0.90 per pound, then the farmer would need to receive at least $605 per ton FSP for his peanuts based on expected yields for irrigated land. For that same irrigated land, if the farmer could have contracted corn for $6.00 per bushel, he would need to receive at least $622 per ton FSP for his peanuts. This is also based on the expected yields. For the Texas Panhandle peanut producers, they needed a significantly higher peanut price compared to cotton projected prices. The reason for this difference is due to water quantity and availability.
FINAL REPORT: Postcards were sent out to the entire panelist of the Center’s representative farms to collect the crop yields and prices for the 2010 crops. The data obtained were inputted into the respective representative farms in order to update the expected yields and prices of the alternative crops. The 2011 January ag baseline from FAPRI along with the updated representative farm data were utilized in running a new baseline for the representative farms. The 2011 projected economic viability has improved significantly when compared to a year ago. The primary reason is due to the significant increase in crop prices especially cotton, wheat, soybeans and corn. Out of 22 representative farms, 13 farms were in the good overall economic viability category and 9 farms were in the poor overall economic viability category. We had no farms in the moderate economic viability category.

The August 2011 ag baseline from Texas A&M had not been made available due to budget cuts for the Ag & Food Policy Center. However, the January 2012 baseline will be provided. FAPRI did provide a midyear update to their baseline which is used as the main input into the Texas A&M baseline. The FAPRI baseline for peanut prices did not change much with prices being in the $470-$490 range. These updated peanut prices and other commodity prices were inputted into NCPC representative farm model. The overall economic viability of the representative farms did not change. The Southwest peanut region representative farms’ are still in the worse economic conditions when compared to the other peanut regions. Trips were made to the APRES annual meeting and the Southern Peanut Grower’s annual meeting. Informal presentations were made in regards to the economic viability of the NCPC peanut representative farms. Presentation was made on the 2011 Georgia Peanut Tour on the economic viability of the peanut industry. A trip was made to West Texas and New Mexico with meetings with the peanut grower leadership to gain additional information on their respective peanut areas issues and concerns plus gave presentations on the economic viability of the peanut industry present and future.

A trip was also made to the APC winter meeting. Informal presentations were made in regards to the economic viability of the NCPC peanut representative farms and the
potential cash flow price for peanuts relative to cotton and corn. A poster presentation was made at the 2011 Sunbelt Ag Expo on the economic viability of the peanut industry and the prices for peanuts relative to cotton and corn for 2012.

The January 2012 agriculture baseline from Texas A&M based on FAPRI 2012 baseline was received. The 2012 FAPRI baseline for peanut prices did increase some. These updated peanut prices and other commodity prices were inputted into NCPC 22 U.S. representative farm model as well as the updated input prices. The overall economic viability of the representative farms declined some. The projected input prices seemed to offset the increased in commodity prices. The Southwest peanut region representative farms' are still in the worse economic conditions when compared to the other peanut regions. A trip was made to the APC spring meeting. Informal presentations were made in regards to the economic viability of the NCPC peanut representative farms and the potential cash flow price for peanuts relative to cotton and corn. A poster presentation was made at the 2012 Georgia Peanut Farm Show on the economic viability of the peanut industry and the prices for peanuts relative to cotton and corn for 2012. Since 2002 for the Southeast peanut producers, the percentage increase in total variable input cost has been approximately 90-96%. In the spring of 2012 if a farmer was able to contract his cotton at $0.90 per pound, then the farmer would need to receive at least $605 per ton FSP for his peanuts based on expected yields for irrigated land. For that same irrigated land, if the farmer contracted corn for $6.00 per bushel, he would need to receive at least $622 per ton FSP for his peanuts. This is also based on the expected yields. For the Texas Panhandle peanut producers, they needed a significantly higher peanut price compared to cotton projected prices. The reason for this difference is due to water quantity and availability.